

**PUBLIC DISCLOSURE**

JANUARY 6, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

PLYMOUTH SAVINGS BANK

226 MAIN STREET  
WAREHAM, MA 02571

DIVISION OF BANKS  
ONE SOUTH STATION  
BOSTON, MA 02110

<p><b>NOTE:</b> This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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## **GENERAL INFORMATION**

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **PLYMOUTH SAVINGS BANK** prepared by the Massachusetts Division of Banks, the institution's supervisory agency, as of **JANUARY 6, 2003**. The Division evaluates performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The Division rates the CRA performance of an institution consistent with the provisions set forth in 209 CMR 46.00.

### **INSTITUTION'S CRA RATING: This institution is rated "Outstanding"**

An institution in this group has an outstanding record of ascertaining and helping to meet the credit needs of its entire delineated assessment area, including low and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Plymouth Savings Bank's rating of outstanding is based upon its performance under the three tests of the CRA Large Institution Examination procedures, including the Lending, Investment and Services Tests. The following summarized the bank's performance in these three areas.

#### **Lending Test**

Taking into account the number and amount of home mortgage loans and small business loans granted within its assessment area, Plymouth Savings Bank has demonstrated an excellent responsiveness to the credit needs of its assessment area. Loans are well distributed throughout the communities in its assessment area, particularly within moderate-income geographies. The bank's lending also demonstrates an excellent distribution of loans among individuals of different income levels and businesses of different sizes. The bank has an established record of serving the credit needs of highly economically disadvantaged areas in its assessment area, low and moderate-income individuals and businesses with gross annual revenues of \$1 million or less. The institution has granted a reasonable level of community development loans. In addition, the bank's fair lending performance was found to be satisfactory at this time. Overall, the institution's lending performance receives a rating of Outstanding.

**Investment Test**

Plymouth Savings Bank has a good level of qualified community development investments and grants. The bank uses innovative and/or complex investments to help support community development initiatives. The bank has also exhibited a good responsiveness to community credit and economic development needs. Therefore, the bank's investment test performance is considered to be High Satisfactory.

**Service Test**

Plymouth Savings Bank's systems for delivering retail-banking services are readily accessible to geographies and individuals of different income levels throughout its assessment area, including those of low and moderate-income. The bank's directors, officers and employees have provided a high level of service activities primarily for community development purposes and affordable housing and are related to the provision of financial services. Therefore, the bank's service activities receive an overall rating of Outstanding.

### **LENDING, INVESTMENT, AND SERVICE TEST TABLE**

The following table indicates the performance level of **PLYMOUTH SAVINGS BANK, WAREHAM, MASSACHUSETTS**, with respect to the lending, investment, and service tests.

<b>PERFORMANCE TESTS</b> <b>Plymouth Savings Bank</b>			
<b>Performance Levels</b>	Lending Test*	Investment Test	Service Test
Outstanding	<b>X</b>		<b>X</b>
High Satisfactory		<b>X</b>	
Satisfactory			
Needs to Improve			
Substantial Non-Compliance			

\*Note: The Lending Test is weighed more heavily than the Service and Investment Tests when arriving at an overall rating.

## **PERFORMANCE CONTEXT**

### **Description of Institution**

Plymouth Savings Bank (PSB) is a Massachusetts-chartered savings bank organized in 1847. The bank is a subsidiary of Plymouth Bancorp, Incorporated, a mutual holding company established in 1998. PSB has four subsidiaries. Real Property Services, Inc. organized in 1981 for the purpose of developing, managing and disposing of real estate acquired by foreclosure. The Shallop Corporation organized in 1973 for the purpose of owning investment securities. Plymouth Securities Corporation organized in 1997 to engage exclusively in the buying, selling, dealing in or holding securities. The Plymouth Capital Corporation organized in 1999 is a real estate investment trust.

As of its September 30, 2002, FDIC Quarterly Call Report, PSB had \$1.4 billion in total assets. Of these total assets, approximately \$733 million or 53.3 percent were in the form of loans.

The composition of the bank's loan portfolio consists of residential mortgage loans, commercial real estate loans, construction and land development loans, home equity loans, loans secured by farmland, commercial loans and a wide variety of consumer loans including automobile, and personal loans. Refer to the following table for the distribution of the bank's loan portfolio.

### **Loan Portfolio Composition**

<b>Loan Type</b>	<b>Amount (000s)</b>	<b>Percent</b>
Residential Mortgages	\$397,813	54.3
Commercial Real Estate	\$137,485	18.8
Equity Lines of Credit	\$59,483	8.1
Consumer Loans	\$54,246	7.4
Commercial Loans	\$45,107	6.2
Construction and Land Development Loans	\$34,094	4.7
All Other Loans	\$4,639	0.5
<b>Total Gross Loans</b>	<b>\$732,867</b>	<b>100.0%</b>

Source: September 30, 2002 Consolidated Report of Condition.

The bank purchases loans from 89 correspondent financial institutions and mortgage companies located in Massachusetts, Rhode Island and Connecticut. During 2001, the bank purchased 2,805 loans totaling \$408,481,700 and year-to-date September 30, 2002 the bank purchased 1,840 loans totaling \$279,749,564. In addition, the bank sells a high volume of loans on the secondary market. The bank sold 10,120 loans totaling \$1.5 billion

from January 1, 2001 through September 30, 2002. The bank retains servicing rights for most of the loans sold, although some are sold servicing released. As of September 30, 2002 the bank serviced 22,059 loans totaling \$2.5 billion.

Plymouth Savings Bank maintains 17 offices throughout its assessment area including the main office located at 226 Main Street, Wareham, Massachusetts and its administrative office and a full service branch, located at 151 Campanelli Drive, Middleboro, Massachusetts.

Plymouth Savings Bank operates in a very competitive market. Local competitors include but are not limited to the following: Fleet Boston Bank, Citizens Bank of Massachusetts, The Cape Cod Five Cents Savings Bank, Compass Bank for Savings, as well as representatives of regional and national mortgage companies. The market influence from these institutions appears to be significant, and as a result serves to keep the bank's rates and services offered competitive.

Market share information obtained from CRA WIZ, based on 2001 aggregate performance data indicates that the bank was ranked eighth in total loans originated or purchased within its assessment area. The bank ranked second in lending to low and moderate-income applicants, and sixth in lending in low and moderate-income census tracts in its assessment area.

Plymouth Savings Bank's 2002 Strategic Operating Plans include its CRA goals. Those goals include generating community development loans through participation and sponsorship of community development organizations and obtaining maximum community exposure through CRA community outreach efforts.

The bank's CRA Committee is comprised of the Executive Vice President, CRA Officer, Vice President of Consumer Lending, a Commercial Lender, Compliance Officer, Assistant Human Resource Director, Assistant Marketing Officer, Vice President of Retail Administration and Operations, Vice President of Secondary Marketing, a representative from Retail Banking, and an outside Director. The Committee meets quarterly and is responsible for overseeing the bank's CRA and fair lending efforts.

There are no financial or legal impediments that would limit the bank's ability to meet the credit needs of the assessment area. The Federal Deposit Insurance Corporation (FDIC) last examined the bank for CRA compliance on October 16, 2001. That examination resulted in an overall rating of Outstanding. The Division of Banks last examined the bank's performance with respect to CRA on March 18, 1999. That examination resulted in an overall rating of Outstanding.

## **Description of Assessment Area**

### **Overview**

The Community Reinvestment Act (CRA) requires financial institutions to define an assessment area within which its CRA performance will be evaluated. The Office of Management and Budget establishes Metropolitan Statistical Areas (MSAs) for statistical reporting purposes by federal agencies. The bank's assessment area contains 48 cities and towns located in the Barnstable-Yarmouth, Boston, Brockton, New Bedford, and Providence-Fall River-Warwick, RI-Ma MSAs. Thirteen towns are located in Non-Metropolitan Statistical Areas.

Plymouth Savings Bank assessment area consists of the following cities and towns:

- Barnstable-Yarmouth MSA: the towns of Barnstable, Brewster, Chatham, Dennis, Eastham, Harwich, Mashpee, Orleans, Sandwich and Yarmouth.
- Boston MSA: the City of Taunton and the towns of Berkley, Carver, Dighton, Duxbury, Hanover, Kingston, Mansfield, Marshfield, Norton, Pembroke, Plymouth, Rockland, and Wareham.
- Brockton MSA: the City of Brockton and the towns of Abington, Bridgewater, East Bridgewater, Easton, Halifax, Hanson, Lakeville, Middleboro, Plympton, Raynham, West Bridgewater, and Whitman.
- New Bedford MSA: the City of New Bedford and the towns of Acushnet, Dartmouth, Fairhaven, Freetown, Marion, Mattapoisett, and Rochester.
- Providence-Fall River-Warwick, RI-Ma MSA: the City of Attleboro and the towns of North Attleboro, and Westport.
- Non-MSA: the towns of Bourne, Chilmark, Edgartown, Falmouth, Gay Head, Gosnold, Nantucket, Oak Bluffs, Provincetown, Tisbury, Truro, Wellfleet, and West Tisbury.



The assessment area is comprised of 214 census tracts, of which 3 or 1.4% are designated as low-income; 39 or 18.2%, as moderate-income; 137, or 64.0%, as middle-income; 31 or 14.5%, as upper-income, and 4 or 1.9% with no income designation. New Bedford and Brockton contain the most census tracts, including the 3 low-income census tracts and 20 of the moderate-income census tracts. The remaining moderate-income census tracts are located in Taunton (5), Wareham (4), Barnstable and Plymouth with two each, and Attleboro, Bourne, Bridgewater, Dennis, Mashpee, Middleborough, Provincetown, and Truro/Wellfleet with 1 each. The 4 census tracts with no income designation are #0149.99 (A ship) in Falmouth, #5062.01 (Cranberry Bogs) in Marshfield, #6518.99 (A ship) in New Bedford and #6134.00 (Golf Course & State Hospital) in Taunton.

Demographic data obtained from CRA WIZ, based on 1990 census data, indicates that the bank's assessment area contains a total population of 942,034 individuals. There are 441,079 housing units within the assessment area of which 53.7% are owner-occupied and 21.5% are vacant housing units. In addition, 8.6% of the households in the assessment area are below the poverty level.

The following table provides demographic and economic information pertaining to the bank's assessment area.

<b><i>Selected Housing Characteristics by Income Category of the Geography</i></b>							
<b><i>Geographic Income Category</i></b>	<b><i>Percentage</i></b>						<b><i>Median Home Value</i></b>
	<b><i>Census Tracts</i></b>	<b><i>Households</i></b>	<b><i>Housing Units</i></b>	<b><i>Owner-Occupied</i></b>	<b><i>Rental Units</i></b>	<b><i>Vacant Units</i></b>	
Low	1.4	23.3	1.0	0.3	2.7	0.7	\$110,819
Moderate	18.2	15.2	15.7	9.2	29.0	16.7	\$130,541
Middle	64.0	20.5	67.5	71.3	58.1	68.6	\$151,131
Upper	14.5	41.0	15.8	19.2	10.2	14.0	\$187,523
N/A	1.9	-	-	-	-	-	
<b>Total or Median</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	

Source: U.S. Census

The following is a compilation of demographic data on each of the MSAs within the bank's assessment area.

**Barnstable-Yarmouth MSA** contains 17.1% of all census tracts within the assessment area. Housing information based on 1990 census data on the Barnstable-Yarmouth MSA indicated a median owner-occupancy level of 42.9% and median home value of \$168,800.

The Department of Housing and Urban Development (HUD) Estimated Median Family Household Income (FHI) for this MSA was \$51,700 for 2001 and \$56,500 for 2002.

**Boston MSA** contains 22.4% of all census tracts within the assessment area. Housing information based on 1990 census data on the Boston MSA indicated a median owner-occupancy level of 52.9% and median home value of \$196,000. The Department of Housing and Urban Development (HUD) Estimated Median Family Household Income (FHI) for this MSA was \$70,000 for 2001 and \$74,200 for 2002.

**Brockton MSA** contains 23.8% of all census tracts within the assessment area. Housing information based on 1990 census data on the Brockton MSA indicated a median owner-occupancy level of 63.8% and median home value of \$145,300. The Department of Housing and Urban Development (HUD) Estimated Median Family Household Income (FHI) for this MSA was \$61,300 for 2001 and \$63,500 for 2002.

**New Bedford MSA** contains 21.0% of all census tracts within the assessment area. Housing information based on 1990 census data on the New Bedford MSA indicated a median owner-occupancy level of 53.3% and median home value of \$125,900. The Department of Housing and Urban Development (HUD) Estimated Median Family Household Income (FHI) for this MSA was \$46,300 for 2001 and \$47,500 for 2002.

**Providence -Fall River-Warwick RI-MA MSA** contains 10.5% of all census tracts within the assessment area. Housing information based on 1990 census data on the Providence-Fall River-Warwick RI-MA MSA indicated a median owner-occupancy level of 52.3% and median home value of \$135,200. The Department of Housing and Urban Development (HUD) Estimated Median Family Household Income (FHI) for this MSA was \$52,800 for 2001 and \$54,100 for 2002.

**Non-MSA** contains 5.2% of all census tracts within the assessment area. Housing information based on 1990 census data on the Non-MSA indicated a median owner-occupancy level of 48.1% and median home value of \$152,600. The Department of Housing and Urban Development (HUD) Estimated Median Family Household Income (FHI) for Non-MSAs was \$50,500 for 2001 and \$51,200 for 2002.

The communities of New Bedford, Provincetown, and Brockton displayed the lowest owner-occupancy levels in the assessment area, with 43.8%, 48.1% and 53.3%, respectively. Median home values were the lowest in New Bedford (\$115,900), Wareham (\$121,200) and Fairhaven (\$112,900).

A review of information from Bankers and Tradesmen as of September 30, 2002 indicated that the average sales price for single family homes was \$293,974 in Barnstable County, \$290,033 in Plymouth County, and \$231,304 in Bristol County.

Since 1990, housing costs in southeastern Massachusetts have skyrocketed in all communities. The highest costs are associated with Cape Cod and the Islands of Martha's Vineyard and Nantucket. These areas and other shore communities' property values are directly related to proximity to the ocean as well as the area's strong economy. The communities themselves have attracted tourist and vacationers from all over the world.

The urban areas of Attleboro, Brockton, New Bedford, and Taunton have affordable alternatives to high-cost suburban towns. These cities have become more popular with the first-time homebuyers, due to the limited supply and the rising cost of single-family homes in the suburban towns. In addition, the effects of the increase in real estate prices in Boston have driven many Boston renters to find more reasonable rents and affordable home ownership in the cities and towns in Southeastern Massachusetts.

Two community contacts conducted during the examination provided relevant information on the assessment area. The contacts were conducted in Middleboro and Barnstable and included an organization whose primary goals are to enhance the economic health of the town and an organization whose primary goal is to be a proponent for small business lending and first time home buyers.

The following is a brief description of the largest cities or towns in each MSA:

**Barnstable MSA-** The Town of Barnstable, located on the bend of the Cape Cod arm, is a busy energetic community made up of seven different villages (Hyannis, Hyannisport, Centerville, Osterville, Barnstable, Cotuit, and Marstons Mills).

**Boston MSA-** The City of Taunton located in Southeastern Massachusetts is 33 miles south of Boston. The city is diverse and divided into five primary neighborhoods. Each neighborhood has its own corner stores, churches, neighborhood associations, parks and playgrounds.

**Brockton MSA-** The City of Brockton located in Southeastern Massachusetts is 20 miles south of Boston. The city is a major urban community with a rich industrial history. Brockton was the shoe-manufacturing center of the region from the late 18<sup>th</sup> century through the 1950's.

**New Bedford MSA-** The City of New Bedford located in Southeastern Massachusetts is 54 miles south of Boston. The city was the whaling capital of the world in the 18<sup>th</sup> century. The city has evolved to become the home of many major industries.

**Prov-Fall River-Warwick, RI-Ma MSA**-The City of Attleboro located in Southeastern Massachusetts is 32 miles southwest of Boston. Attleboro is a small manufacturing city with a unique combination of the advantages of urban and suburban living.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

### **LENDING TEST**

The institution's lending efforts are rated under the seven major performance criteria: Lending Activity, Geographic Distribution, Borrower Characteristics, Community Development Lending, Innovative or Flexible Lending Practices, Fair Lending, and Loss of Affordable Housing. The following information details the data compiled and reviewed, as well as conclusions on the bank's performance.

#### **Scope of Evaluation**

The lending test evaluates an institution's record of helping to meet the credit needs of its assessment area based on an analysis of its HMDA- reportable, small business, community development and flexible/government loan products. HMDA reportable loans originated and purchased and small business loans originated during 2001 and year-to-date September 30, 2002 were included in the bank's performance.

The data used to evaluate the bank's lending was derived from the HMDA/LAR (Home Mortgage Disclosure Act/ Loan Application Register) and the bank's CRA Disclosure Statement.

#### **I. Lending Activity**

Plymouth Savings Bank's lending levels reflect a reasonable responsiveness to the assessment area's credit needs. The bank had total assets of \$1.4 billion as of September 30, 2002. Net loans totaled \$733 million or 53.3 percent of total assets. Lending on one-to-four family residential properties represents the largest portion of the bank's loan portfolio followed by commercial real estate loans and home equity lines of credit.

The bank's net loans and leases to assets ratio was 52.6 percent as of September 30, 2002. This excludes the \$2.2 billion dollars of residential real estate mortgage loans

originated by the bank that were sold to other secondary market investors. The peer group's net loans and leases to assets ratio for the same period was 61.8 percent, placing the bank in the 26th percentile. In addition, the bank's net loans to deposits ratio was 70.6 percent for the same period. The peer group's ratio was 86.5 percent placing the bank in the 26<sup>th</sup> percentile. The bank's ratios are lower than its peers; however, it should be noted that the UBPR determines a peer ratio based on similarly sized banks nationwide without regard to regional or state differences and without regard to loans originated by the bank, but sold in the secondary market.

### HMDA-Reportable Loans

For the period reviewed, Plymouth Savings Bank originated and purchased 10,176 HMDA-reportable loans totaling \$1.5 billion. Of these loans, 4,735 representing 46.5 percent of the total loans were within the assessment area. By dollar amount, these loans totaled \$715 million or 46.6 percent. It should be noted that of the 4,735 loans originated within the assessment area, 3,521 or 74.4 percent were for refinances and 24.7 percent were for conventional home purchases.

Plymouth accounted for the largest percentage of loans by number with 10.9 percent, followed by Falmouth with 8.4 percent. Plymouth also accounted for the largest dollar volume of loans with 9.5 percent, followed by Falmouth with 8.6 percent. Refer to the following tables for additional information regarding the bank's HMDA-reportable lending, by both number and dollar volume.

<b><i>Distribution of HMDA Reportable Loans Inside and Outside of the Assessment Area</i></b>								
<b><i>Year</i></b>	<b><i>Inside</i></b>				<b><i>Outside</i></b>			
	<b><i>Number of Loans</i></b>		<b><i>Dollar in Loans (000s)</i></b>		<b><i>Number of Loans</i></b>		<b><i>Dollars in Loans (000s)</i></b>	
	<b><i>#</i></b>	<b><i>%</i></b>	<b><i>\$</i></b>	<b><i>%</i></b>	<b><i>#</i></b>	<b><i>%</i></b>	<b><i>\$</i></b>	<b><i>%</i></b>
<b><i>2001</i></b>	2,807	47.4	416,945	47.4	3,113	52.6	462,415	52.6
<b><i>YTD 2002</i></b>	1,928	45.3	298,207	45.5	2,328	54.7	357,072	54.5
<b><i>Total</i></b>	<b><i>4,735</i></b>	<b><i>46.5</i></b>	<b><i>715,152</i></b>	<b><i>46.6</i></b>	<b><i>5,441</i></b>	<b><i>53.5</i></b>	<b><i>819,467</i></b>	<b><i>53.4</i></b>

Source: HMDA /LAR, CRA Wiz

The bank's high volume of lending is significant, considering the highly competitive environment in which it operates, and it is also attributed to the bank's strong refinance activity and its extensive correspondent lenders network. Consequently, the bank originates a high volume of loans outside the assessment area.

In 2001, PSB ranked 8th in market share out of the 613 HMDA reportable lenders in the assessment area. The bank originated and purchased 2,807 loans in the assessment

area giving the bank a 3.1 percent market share. The top lender in the assessment area was Washington Mutual Bank, FA with 4,862 loans and a 5.3 percent share of the market.

### Small Business Lending

PSB's Small Business Loan Registers (SBLRs) for 2001 and year-to-date September 30, 2002 were reviewed to determine the amount of credit extended within the assessment area. For purposes of this loan register, a small business loan is defined as "a loan with an original amount of \$1 million or less that is: secured by non-farm nonresidential properties; or commercial and industrial loans to US addressees, as defined in the FDIC Call Report Instructions." The bank originated 393 small business loans totaling \$66 million, during this period. A total of 379 loans for \$62.8 million were originated to businesses within the bank's assessment area, representing 96.4 percent by number and 95.6 percent by dollar volume.

Refer to the following table for the distribution of small business loans inside and outside the assessment area.

<b><i>Distribution of Small Business Loans Inside and Outside of the Assessment Area</i></b>								
<b><i>Year</i></b>	<b><i>Inside</i></b>				<b><i>Outside</i></b>			
	<b><i>Number of Loans</i></b>		<b><i>Dollar in Loans (000s)</i></b>		<b><i>Number of Loans</i></b>		<b><i>Dollars in Loans (000s)</i></b>	
	<b><i>#</i></b>	<b><i>%</i></b>	<b><i>\$</i></b>	<b><i>%</i></b>	<b><i>#</i></b>	<b><i>%</i></b>	<b><i>\$</i></b>	<b><i>%</i></b>
<b><i>2001</i></b>	214	96.8	29,732	96.3	7	3.2	1,114	3.7
<b><i>YTD 2002</i></b>	165	95.9	33,024	94.9	7	4.1	1,780	5.1
<b><i>Total</i></b>	379	96.4	62,756	95.6	14	3.6	2,894	4.4

Source: CRA Data Collection

Although the bank's distribution of residential lending reflects a less than satisfactory distribution within the assessment area proportionately, it represents a significant volume of lending in terms of real dollars and the number of loans and further demonstrates the bank's commitment to its assessment area's credit needs. Small business lending reflects an excellent penetration of lending inside the assessment area .

## II. Geographic Distribution by Census Tract Income Level

HMDA-reportable and small business loans located within the bank's assessment area were further analyzed to determine their location by census tract income level.

### HMDA-Reportable Loans

The table below shows the number of HMDA reportable loans in comparison to the number of owner-occupied housing units in each census tract. In addition, the bank's HMDA reportable loans were compared to that of all other HMDA-reporters in the assessment area. Other HMDA reporters include bank and non-bank entities such as large national banking companies, other local banks, credit unions and mortgage companies. The most recent data available for this analysis relates to calendar year 2001. Refer to the following table for details.

Distribution of HMDA Loans by Income Category of the Census Tract								
Census Tract Income Level	% Total Owner- Occupied Housing Units	Aggregate Lending Data (% of #)	2001		Year- to- Date 2002		Total	
		2001	#	%	#	%	#	%
Low	0.3	0.4	2	0.1	2	0.1	4	0.1
Moderate	9.2	9.0	311	11.1	205	10.6	516	10.9
Middle	71.3	71.3	1,959	69.8	1,320	68.5	3,279	69.2
Upper	19.2	19.3	535	19.0	401	20.8	936	19.8
Total	100	100	2,807	100	1,928	100	4,735	100

Source: U.S. Census, HMDA LAR, and HMDA Aggregate Data

As shown in the above table, 0.1 percent of the bank's total loans for the period under review were within low-income census tracts and are consistent with the low-income owner-occupancy rate of 0.3 percent. Furthermore, the 10.9 percent of loans originated and purchased within the moderate-income census tracts exceeds the 9.2 percent of owner-occupied housing units in the assessment area. In addition, the above data shows that the number of loans in middle and upper-income census tracts is proportionate to the

percentage of owner-occupied housing units in these areas. The highest percentage of loans was originated in the middle-income tracts, which is appropriate given the high number of middle-income census tracts in the assessment area and the high percentage of owner-occupied properties in these tracts.

As demonstrated above, the percentage of the bank's lending activity in low and moderate-income census tracts for 2001 is generally proportionate to that of the aggregate. The bank made .1 percent of its loans in low-income census tracts, in comparison to the aggregate, which made .4 percent of loans in those census tracts. Conversely, the bank originated 11.1 percent of loans in moderate-income census tracts in comparison to the aggregate, which made 9.0 percent there. In addition, the above table also demonstrates that the bank's HMDA-reportable loans in middle and upper-income census tracts are proportionate to the aggregate.

In 2001, PSB ranked 6th in market share for lending in low and moderate-income census tracts within its assessment area. The bank originated and purchased 313 HMDA-reportable loans in these census tracts, representing 3.6 percent of the market. The top two lenders in low and moderate-income census tracts were Wells Fargo Home Mortgage with 5.8 percent and Countrywide Home Loans with 5.7 percent.

### Small Business Lending

PSB's small business loans were analyzed to determine the distribution by census tract income level within its assessment area and are reasonably distributed throughout the area's census tracts.

The following table depicts this distribution.

<b><i>Distribution of Small Business Loans by Income Category of the Census Tract</i></b>						
<b><i>Census Tract Income Level</i></b>	<b><i>2001</i></b>		<b><i>YTD 2002</i></b>		<b><i>Total</i></b>	
	<b><i>#</i></b>	<b><i>%</i></b>	<b><i>#</i></b>	<b><i>%</i></b>	<b><i>#</i></b>	<b><i>%</i></b>
Low	0	0.0	0	0.0	0	0.0
Moderate	52	24.3	29	17.6	81	21.4
Middle	117	54.7	105	63.6	222	58.6
Upper	45	21.0	31	18.8	76	20.0
<b>Total</b>	<b>214</b>	<b>100.0</b>	<b>165</b>	<b>100.0</b>	<b>379</b>	<b>100.0</b>

Source: CRA data collection, CRA Aggregate Lending Data

The bank made no small business loans in the low-income tracts, but those tracts contain a small number of business establishments making it difficult to originate loans. The majority of loans were made within middle-income census tracts where 58.6 percent of all small business loans were made.



Based on the above information, the bank's distribution of HMDA-reportable and small business loans by census tract income level reflects a good penetration of loans throughout the assessment area.

### **III. Borrower Characteristics**

The bank's residential loans were further analyzed to determine the distribution of lending by borrower income level. Borrowers' reported incomes were compared to the median family incomes of the New Bedford, Providence-Fall River, Boston and Non Metropolitan Statistical Areas (MSAs), depending on the location of the property. These income figures are based on estimated Department of Housing and Urban Development (HUD) information. Refer to the Description of Assessment Area in the Performance Context.

Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median income. Upper-income is defined as income equal to or greater than 120 percent of the median income.

### **HMDA-Reportable Loans**

The following table shows the number of HMDA-reportable loans to low, moderate, middle and upper-income borrowers in comparison to the number of households in the assessment area in each respective income group. In addition, the distribution of the bank's loans among various borrower income levels was compared to that of all other HMDA-reporting lenders in the assessment area. The most recent data available for this analysis relates to calendar year 2001.

Refer to the following table for details.

<b><i>Distribution of HMDA Loans by Borrower Income</i></b>					
<b><i>Median Family Income Level</i></b>	<b><i>% Total Households</i></b>	<b><i>Aggregate Lending Data (% of #)</i></b>	<b><i>2001</i></b>	<b><i>Year-to-date 2002</i></b>	<b><i>Total</i></b>

		<b>2001</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low	23.3	3.3	196	7.0	170	8.8	366	7.7
Moderate	15.2	14.4	548	19.5	392	20.3	940	19.9
Middle	20.5	24.1	772	27.5	493	25.6	1,265	26.7
Upper	41.0	41.3	1,212	43.2	809	42.0	2,021	42.7
N/A		16.9	79	2.8	64	3.3	143	3.0
<b>Total</b>	<b>100</b>	<b>100</b>	<b>2,807</b>	<b>100</b>	<b>1,928</b>	<b>100</b>	<b>4,735</b>	<b>100</b>

Source: U.S. Census, HMDA LAR, HMDA Aggregate Data

For the period under review, the bank extended 366 loans to low-income borrowers representing 7.7 percent of the total loans originated or purchased within the assessment area. Although this percentage is below the 23.3 percent of low-income households within the assessment area, the number of loans is favorable considering the mortgage loan demand from borrowers in this income category is typically lower than that of the other income groups.

The bank extended 940 loans to moderate-income borrowers, representing 19.9 percent, which is also very favorable. The number of loans is above the 15.2 percent of moderate-income households within the assessment area. The low interest rate environment has helped many moderate-income borrowers qualify for a mortgage. Loans to middle and upper-income borrowers are also above the percentage of middle and upper-income households within those income groups

As indicated above, the distribution of the bank's 2001 HMDA reportable loans to low-income borrowers is also higher than other HMDA-reporters within the assessment area. The bank originated 7.0 percent of the total loans within the assessment area to low-income borrowers, compared to the aggregate with 3.3 percent. PSB's HMDA-reportable loans to moderate-income borrowers represented 19.5 percent and exceeded the aggregate with 14.4 percent.

The bank ranked 2nd in market share in lending to low and moderate-income individuals in the assessment area in 2001. The bank originated 744 loans to low and moderate-income borrowers capturing 4.5 percent of the market. The number one lender to low and moderate-income borrowers was Countrywide Home Loans with 5.8 percent.

The distribution of HMDA-reportable loans by borrower income demonstrates the bank's willingness to lend to borrowers of all income levels, including those of low and moderate-income.

## Small Business Lending

Small business loans originated within the bank's assessment area were analyzed to determine the typical loan amount at origination. The bank has a good record of originating small business loans to businesses with gross revenues under \$1 million. Of the 379 small business loans originated in the bank's assessment area, 222 or 58.6 percent had original loan amounts of \$100,000 or less. Refer to the table below.

<b><i>Distribution of Small Business Loans by Loan Size</i></b>						
<b><i>Loan Size (000s)</i></b>	<b><i>2001</i></b>		<b><i>Year-to-date 2002</i></b>		<b><i>Total</i></b>	
	<b><i>#</i></b>	<b><i>%</i></b>	<b><i>#</i></b>	<b><i>%</i></b>	<b><i>#</i></b>	<b><i>%</i></b>
\$100 or Less	137	64.0	85	51.5	222	58.6
> \$100 - \$250	45	21.0	36	21.8	81	21.4
> \$250 - \$1,000	32	15.0	44	26.7	76	20.0
<b>Total</b>	<b>214</b>	<b>100</b>	<b>165</b>	<b>100</b>	<b>379</b>	<b>100</b>

Source: CRA Data Collection

Small business loans originated within the bank's assessment area during this period were also analyzed to determine the distribution among businesses of various sizes. The following table depicts the distribution of small business loans within the bank's assessment area by revenues of the business.

<b><i>Distribution of Small Business Loans by Gross Annual Revenues of Business</i></b>						
<b><i>Gross Annual Revenues (000s)</i></b>	<b><i>2001</i></b>		<b><i>Year-to-date 2002</i></b>		<b><i>Total</i></b>	
	<b><i>#</i></b>	<b><i>%</i></b>	<b><i>#</i></b>	<b><i>%</i></b>	<b><i>#</i></b>	<b><i>%</i></b>
<= \$1,000	142	66.4	90	54.5	232	61.2
> \$1,000	72	33.6	75	45.5	147	38.8
<b>Total</b>	<b>214</b>	<b>100</b>	<b>165</b>	<b>100</b>	<b>379</b>	<b>100</b>

Source: CRA Data Collection

As the above table indicates, the majority of loans or 61.2 percent were made to businesses with gross annual revenues under \$1 million dollars.

Based on the information above, the bank's small business lending to borrowers of different income levels and businesses of various sizes reflects a good distribution.

#### **IV. Community Development Lending**

PSB has granted a reasonable level of qualified community development loans.

Community development purposes include providing affordable housing for low and moderate-income individuals, promoting activities for economic development by financing small businesses, and lending that revitalizes or stabilizes low or moderate-income geographies. A community development loan is a loan that:

- Has as its primary purpose community development;
- Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family dwelling loan; and
- Benefits the bank's assessment area or a broader statewide or regional area that includes the assessment area.

Described below is the bank's community development lending activity.

In January 2001, the bank extended a \$10,000 working capital loan to a local non-profit organization to assist in providing affordable housing for Vietnam veterans.

In February 2001, the bank extended two loans totaling \$1,120,000 to a non-profit organization in Falmouth for the construction of an alcohol & drug detoxification, rehabilitation center.

In June 2001, the bank extended a \$256,429 loan in connection with its membership in the Cape Affordable Housing Loan Consortium. This loan represents the bank's participation

in an \$1.8 million construction loan used to construct multi-unit rentals targeted to families at 50% or less of the median income in the Town of Falmouth.

In November 2001, the bank extended an \$166,667 loan in connection with its membership in the Cape Affordable Housing Loan Consortium. This loan represents the bank's participation in an \$1.0 million construction loan used to construct multi-unit rentals targeted to families at 50% or less of the median income in the Town of Wellfleet.

In December 2001, the bank extended an \$165,000 loan to a non-profit organization that provides shelter and ancillary support programs for the homeless in the Plymouth area.

In April 2002, the bank extended a \$75,000 working capital loan to a non-profit organization that provides housing to needy individuals through new home construction and rehabilitation of existing homes throughout Cape Cod.

In May 2002, the bank extended a \$325,000 loan in connection with its participation in Phase Two of the project to construct multi-unit rentals in Falmouth.

## **V. Innovative or Flexible Lending Practices**

Plymouth Savings Bank participates in a variety of flexible loan programs aimed at meeting the credit needs of low and moderate-income homebuyers and small businesses. Details of these programs are as follows.

### ***Mortgage Loan Products***

#### **Massachusetts Housing Finance Agency (MHFA)**

The bank offers a first-time homebuyer product through the MHFA program. This program provides mortgage funds for first time homebuyers with limited income levels at or below 95% LTV. Loans are 30 year fixed with maximum debt to income ratios of 33/38 percent, and require a homebuyer Counseling Certificate. During 2001, the bank originated 49 loans totaling \$5,995,858. During 2002, the bank originated eight loans totaling \$1,507,940.

#### **Federal Housing Administration (FHA)**

The bank participates in the Federal Housing Administration (FHA) loan program. The Department of Housing and Urban Development (HUD) which administers various single family mortgage programs has developed this program. There are no income restrictions and lending terms include flexible qualifying ratios. The FHA program also offers closing cost financing. During 2001, the bank participated in this program by originating 36 loans

totaling \$5,366,126. During 2002, the bank originated 3 loans totaling \$585,293, which included both FHA and VA loans.

### **Veterans Administration (VA)**

The bank participates in the Veterans Administration (VA) loan program. This loan program is available to veterans who have served in the active military, naval, or air service. Loans are insured by the Veteran's Administration, which enables veterans to purchase a residence with little or no down payment. During 2001, the bank originated 6 loans totaling \$988,825.

### **Fannie Mae Flex 97% Program**

This loan program is designed for borrowers of high credit quality who have minimal funds for the down payment and closing costs. The program is limited to the purchase of a single-family primary residence. PSB originated 14 loans totaling \$1,858,412 in 2001. During 2002, the bank originated three loans totaling \$530,550.

### **Fannie Mae Timely Payment Rewards Program**

This program allows borrowers the "Timely Payment Rewards" feature to have an opportunity to receive a one-time automatic note rate reduction of up to one percent. The note rate reduction is granted if, on the second, third or fourth anniversary of the first scheduled payment date of the loan, the borrower has made each of the most recent 24 consecutive monthly payments on time. In addition, the borrower has never been 90 days or more delinquent in mortgage payments since the beginning of the loan. During 2001, the bank originated 15 loans totaling \$2,326,175. During 2002, the bank originated 31 loans totaling \$5,282,850.

### **Fannie Mae CHIML (Community Homebuyer Improvement) Loan Program**

The bank participates in the Fannie Mae CHIML (Community Homebuyer Improvement) loan program. Terms include a maximum loan to value of 97 percent and maximum income limits of 100 percent of HUD median income, 120 percent within the Boston MSA, and no income limit on loans within central cities. In addition the maximum debt to income ratios are 33/38. During 2001, the bank originated 29 loans totaling \$5,257,227. During 2002, the bank originated four loans totaling \$843,500.

### **Fannie Mae Everyday Hero Mortgage Program**

On January 30, 2003 the bank became the first financial institution to introduce this new Fannie-Mae program. This program is geared toward individuals working in public safety, healthcare, social services, education or law enforcement and offers no downpayment on single family homes and has a 30-year fixed rate.

### ***Small Business Lending***

Plymouth Savings Bank is an active participant in various Small Business Administration (SBA) lending programs, extending loans under the 7(a) Guaranteed and 504 loan programs, as detailed below.

The 7(a) program provides start-up costs to new small businesses. Under this loan program, the bank funds the entire loan with a guarantee from the SBA. The maximum guarantee percentage (75% to 90%) varies depending on the use of the loan proceeds. The bank granted six loans totaling \$966,790 under this program in 2001 and seven loans totaling \$1,333,763 in 2002.

The SBA 504 program provides for direct financing, by the SBA, of a portion of small business loans originated under this program. The general loan structure involves 10 percent participation by the small business, 40 percent participation by a community development corporation, and 50 percent participation by the bank. The bank financed 13 loans totaling \$4,620,981 under this program in 2001 and 15 loans totaling \$5,514,528 in 2002.

The bank is involved with the **South Eastern Economic Development Corporation (SEED)**, a consortium of financial institutions which provide financing for small businesses.

The loans are partially guaranteed by the SBA. SEED's geographic territory includes Bristol, Plymouth, Barnstable, Dukes, and Nantucket Counties. Loan programs run from \$5,000 to \$1,000,000, while the role of SEED is to assist small businesses in their start-up phase until they are ready for bank financing. During 2001, the bank provided 21 loans totaling \$6,167,074. During 2002 the bank provided 12 loans totaling \$407,876.

## **VI. Fair Lending Policies and Practices**

Plymouth Savings Bank has established a fair lending policy statement. The bank's fair lending policy states that it will aggressively detect and eliminate discrimination in lending. The bank's fair lending data was reviewed to determine how it relates to the guidelines established by Regulatory Bulletin 2.3-101, the Division's Community Reinvestment and Fair Lending Policy.

Bank management ascertains the credit needs of the assessment area through its involvement in numerous area organizations and programs. The bank markets its services and products to the community through a variety of mediums including print, television, and radio. In addition, the bank participates in and/or conducts numerous educational seminars throughout the assessment area in order to make potential customers aware of the services the bank provides. In addition, the bank has 14 employees who speak seven different languages.

The bank has an established and on-going independent internal review process for declined consumer and residential loan applications. All declined applications are reviewed by the Compliance Officer for fair lending compliance and appropriateness of action. The credit and loan committee reviews all commercial applications.

The Compliance Department conducts monthly in-depth loan analysis of the bank's HMDA/LAR data.

The bank's outside compliance firm conducts periodic HMDA and compliance audits.

### Minority Application Flow

A review of residential loan applications was conducted in order to determine the number of applications the bank has received from minorities. From January 1, 2001, through September 30, 2002, the bank received 5,271 residential loan applications from within its assessment area. During this period, 198 applications, or 3.8 percent, were

received from minorities. Of these, 173 or 87.4 percent were approved. Refer to the following table for further details.

MINORITY APPLICATION FLOW*								
RACE	AGGREGATE DATA 2001		BANK 2001		BANK 2002		BANK TOTAL	
	#	%	#	%	#	%	#	%
<i>Native American</i>	390	0.3	8	0.3	8	0.4	16	0.3
<i>Asian</i>	630	0.5	8	0.3	5	0.2	13	0.2
<i>Black</i>	2,390	1.9	29	0.9	17	0.8	46	0.9
<i>Hispanic</i>	1,287	1.0	19	0.6	10	0.4	29	0.7
<i>Joint Race</i>	1,174	1.0	35	1.1	15	0.7	50	0.9
<i>Other</i>	1,290	1.0	23	0.7	21	1.0	44	0.8
<b>Total Minority</b>	<b>7,161</b>	<b>5.7</b>	<b>122</b>	<b>3.9</b>	<b>76</b>	<b>3.5</b>	<b>198</b>	<b>3.8</b>
<i>White</i>	78,165	63.0	2,711	87.4	1,761	81.3	4,472	84.8
<i>No Info</i>	38,824	31.3	271	8.7	330	15.2	601	11.4
<b>Total</b>	<b>124,150</b>	<b>100</b>	<b>3,104</b>	<b>100</b>	<b>2,167</b>	<b>100</b>	<b>5,271</b>	<b>100</b>

\*Source: PCI Services, Inc., CRA Wiz Software.

According to 1990 Census Data, the bank's assessment area contained a total population of 942,034 individuals of which 7.1 percent are minorities. The minority population is 0.3



percent Native American, 0.7 percent Asian, 2.6 percent Black, 2.1 percent Hispanic, and 1.4 percent other.

Aggregate information indicated that, of the 124,150 HMDA-reportable applications received from other institutions within the assessment area in 2001, the bank's minority application flow is lower than the aggregate and the assessment area's demographics. In both cases, the bank's application flow is below in the Asian, Black and Hispanic Races.

## **VII. Loss of Affordable Housing**

The bank offers numerous innovative and flexible credit services that are designed to make home ownership possible for existing low and moderate-income residents to remain in their neighborhoods.

Plymouth Savings Bank's participation in community development projects and government lending programs, along with its numerous credit products with flexible lending criteria has assisted low and moderate-income individuals to remain in their neighborhoods.

## **CONCLUSION (Lending Test)**

Taking into account the number and amount of home mortgage and small business loans originated in its assessment area, Plymouth Savings Bank has demonstrated an excellent responsiveness to the assessment area's credit needs. The bank's lending demonstrates an excellent distribution of loans among individuals of different income levels and businesses of different sizes. The bank has an established record of serving the credit needs of economically disadvantaged areas in its assessment area, low and moderate-income individuals, and businesses with gross annual revenues of \$1 million or less. Based upon the opportunities available within the assessment area, the bank has made a reasonable level of community development loans. In addition, the bank's fair lending performance was found to be satisfactory at this time. Based upon these findings, the institution's lending performance receives an overall rating of Outstanding.

## **INVESTMENT TEST**

Plymouth Savings Bank's investment performance was found to be High Satisfactory at this time. This rating was based upon the level of investment in a variety of localized investments which the bank has made as well as the diversity and innovativeness of the

investments. It is also based upon the level of charitable contributions which the bank has made.

As defined under the CRA regulation, a qualified investment is a lawful investment, deposit, membership share or grant that has community development as its primary purpose. Community development includes affordable housing for low and moderate-income individuals, community services targeted to low and moderate-income individuals, activities that promote economic development by financing small businesses or small farms, and activities that revitalize or stabilize low and moderate-income geographies. In recognition of the many legal limitations on bank investments, and the long-term nature and complexity of many community development investments, the CRA regulation allows some reasonable consideration for the entire bank portfolio of qualified investments; not just those made since the previous CRA examination. The following describes the institution's qualified investments.

### **Investment Activity**

Total qualified investments, including the equity investments and contributions, total \$6,571,966. Qualified investments for purposes of this evaluation consisted of a mix of investments other than cash donations to local nonprofit organizations. The following paragraphs describe the qualified investments and a sample of the grants:

#### ***Investments***

Road to Responsibility - Industrial Development Bond (IDB): In June 2000, the bank invested \$5 million in an Industrial Development tax-free bond that provides for below rate financing for Road to Responsibility, a nonprofit agency. The agency provides its clients who are physically, mentally, and emotionally challenged with residential quarters, workshops, training, and treatment facilities throughout Southeastern Massachusetts. The bank was instrumental from the initial process of the proposed loan to the creation of the IDB. The book value as of September 30, 2002 was \$4.5 million.

Sandwich Housing Authority: In 2001, the bank committed \$1.4 million in the form of a limited partnership interest in the Osprey Lane Limited Partnership. This partnership developed and maintained a Low Income Tax Credit Property consisting of 61 rental units located on Osprey Lane, Sandwich. As of September 30, 2002, the bank has advanced \$787,272.

Plymouth Savings Bank Charitable Foundation, Inc.: In November 2001, the bank funded its charitable foundation with \$1 million. Nonprofit organizations are able to submit an application to the foundation under its guidelines. Services include assistance to low- and moderate-income areas, small and minority-owned businesses, counseling agencies, and environmental efforts. As of September 30, 2002, no funds had been distributed.

SEED Ventures LP: In October 2001, the bank committed \$250,000 to SEED Ventures LP. SEED's Chairman, President and a partner of Seed's investment consulting firm make up the investment committee. The advisory council will be made up of the investors. As of September 30, 2002, \$125,000 has been advanced.

Community Development Financial Institution (CDFI): In September 1999, the bank deposited \$5,000 with Cape and Islands Community Development, Inc. This CDFI was created in 1995. The private nonprofit CDFI provides millions of lending dollars to the Cape and Islanders, creating jobs and businesses.

Champion City CDC: In January 2002, the bank made a capital contribution of \$2,500 for the establishment of the Champion City CDC in Brockton, Massachusetts. The CDC is involved in developing low-income housing within the Brockton area. The CDC includes a diverse membership of residents within the Pleasant/Prospect neighborhood and the larger general Brockton Community.

## ***Contributions***

From January 2001 through December 2002, the bank's donations to organizations that meet the definition of community development totaled \$152,194. The following is a sample of the organizations, which benefited from the bank's contributions. These organizations are involved in either promoting affordable housing, providing services to low and moderate-income geographies and individuals, or providing technical and financial support to small businesses. The level and diversity of contributions is very good and further supports the bank's overall rating. The level of contributions and the organizations they support are indicative of the bank's commitment to the low and moderate-income areas and individuals within the bank's assessment area.

South Shore Housing: The bank made a donation to this non-profit development corporation whose mission is to enhance the quality of life for low and moderate –income individuals, by providing decent, safe and affordable housing. This contribution benefited the Brockton Family Life Center, which develops low-income housing.

Community Resource Network: The bank made a donation to this non-profit organization which provides food, fuel and/or furniture to over 500 local families. Community Resource Network is an all-volunteer endeavor.

Wareham YMCA/Southcoast YMCA: The bank made a donation to this non-profit organization toward the construction of a new building. The YMCA has implemented several programs that are directed toward low and moderate-income individuals within the south coastal communities.

Boys and Girls Club of Cape Cod, Plymouth, Wareham and Taunton: The bank made several donations to these local area Boys and Girls Clubs.

Plymouth Area Coalition of Homeless: The bank made a donation to this non-profit organization which benefited the coalition's food pantry efforts to alleviate hunger in the local Plymouth Area.

## **CONCLUSION (Investment Test)**

As depicted above, Plymouth Savings Bank has a good level of qualified community development investments and contributions, and has exhibited good responsiveness to credit and community economic development needs. Therefore, based on the bank's size and resources and the credit needs of the assessment area, the bank's investment performance is rated High Satisfactory.

## **SERVICE TEST**

The Service Test evaluates an institution's record of helping to meet the credit needs of residents within its assessment area by analyzing both the availability and effectiveness of an institution's systems for delivering retail banking services and the extent and innovativeness of its community development services. As depicted below, Plymouth Savings Bank has illustrated an excellent level of services within its assessment area, including the delivery of retail services and community development service activities. Consequently, it has been accorded a rating of Outstanding on behalf of its service performance.

The bank's systems for delivering retail-banking services are accessible to geographies and individuals of all income levels throughout its assessment area. The bank's retail services, including business hours, are tailored to the convenience and needs of its assessment area.

Additionally, Plymouth Savings Bank's officers and employees at all levels have taken active roles in providing community development services to groups and individuals throughout the assessment area. The following describes the institution's retail and community development services.

### **Retail Banking Services**

#### ***Branch Distribution***

Plymouth Savings Bank is headquartered at 151 Campanelli Drive in Middleboro, Massachusetts. The bank operates 17 full service branch offices, 5 non-bank branch mortgage offices and 3 stand-alone ATM locations. The full service branch offices are

located in Duxbury, East Wareham, Falmouth, Lakeville, Marion, Mashpee, Marstons Mills, Mattapoisett, Middleborough (two offices), Kingston, Plymouth, Raynham, Sandwich, Teaticket, Wareham, and West Plymouth. All of the full service branch offices provide ATMs. The free standing ATMs are located in Hanover, Mashpee and Onset. The non-bank mortgage offices are located in Cotuit, Vineyard Haven, and New Bedford. An additional office is located outside the bank's assessment area in Warwick, Rhode Island.

Table Distribution of bank branches, ATMs and Non-Bank Mortgage Offices:

<b>Census Tract Income Category</b>	<b>Full Service Offices and ATMs</b>	<b>Stand Alone ATMs</b>	<b>Non-Bank Mortgage Offices</b>
Low	0	0	0
Moderate	3	2	0
Middle	10	0	3
Upper	4	1	0
<b>Total</b>	<b>17</b>	<b>3</b>	<b>3</b>

### ***Branch Opening and Closing Activity***

The bank has a formal Branch Office Closing Policy. The policy details the procedures the bank will follow before closing a branch office. In September 2001, the bank added two stand alone ATM locations: one located in Hanover and the other located in Mashpee. The stand alone ATM in Mashpee is located within a census tract designated moderate-income. The bank has not closed any banking offices during the current examination period.

### ***Branch Hours***

Branch hours are considered convenient and comparable to other institutions, and services of the bank appear to meet the needs of the assessment area. All offices have extended hours on Thursdays, Fridays and/or Saturdays. Thirteen offices have drive-ups.

### ***Alternative Retail Banking***

The bank operates a telephone call service, (1-800-4 ANSWER) which is an access line for customers to access their loan application status. There is an additional customer service telephone call service called "Maximum Service" which is a free 24-hour automated telebanking line. Callers can obtain information on products and services as well as referrals to departments within the bank.

The bank is a member of the "SUM NETWORK" which allows its customers to use SUM ATMs without incurring a surcharge. Also, the bank does not assess a transaction fee for account holders at any of its ATM sites.

The bank offers telephone banking through a proprietary product called ACCOUNTKEY. This product provides customers with 24-hour, touch-tone access to their accounts. Customers can get balance verifications, obtain listings of checks cleared, perform inter-account transfers, and make loan payments. Loan rates, deposit rates, product information, branch locations and hours are also available through this service.

The bank offers Internet banking that is accessed through the bank's website ([www.plymouthsavings.com](http://www.plymouthsavings.com)). Available services include bill payment, deposit and loan balance verification, transaction histories, stop payments, inter-account transfers, and an e-mail connection to Plymouth Savings Bank. Both commercial businesses and consumers can use Internet banking. Mortgage loan pre-qualification applications may be submitted to the bank through the website.

### ***Products and Services***

The bank offers a full array of financial products and services through its office network. In terms of retail services, the bank offers a variety of consumer loan products, including credit cards, installment loans, personal lines of credit, home equity lines of credit, home equity loans, land loans, residential construction financing, and a variety of fixed and adjustable rate residential mortgage loans. Deposit services include savings accounts, checking accounts, certificates of deposit, and retirement accounts. The bank also offers a variety of miscellaneous services and products such as direct deposit, ATM and Point-of-Sale transactions, discount brokerage, drive-up banking, U.S. Savings Bonds, safe deposit boxes, traveler's checks, and Treasury Bills.

The bank has an array of services geared towards business customers. Loan products include commercial lines of credit, commercial mortgages, SBA loans, and both secured and unsecured commercial loans. PSB's business banking also includes a variety of deposit accounts and special services such as payroll processing.

The bank offers "Basic Checking" accounts, which meet the guidelines of the Basic Banking for Massachusetts program. The above services assist low and moderate-income individuals establish banking relationships.

### **Community Development Services**

The CRA regulation defines a community development service as a service whose purpose is primarily community development and is related to the provision of financial services. Through the participation of bank management and its employees the bank provides support to local community development programs and projects. Through these involvements, the bank's staff lends their technical expertise, experience and judgment to these organizations. Detailed below are Plymouth Savings Bank's qualified community development services:

The bank is a member of The Cape Affordable Housing Consortium and has provided technical assistance, operating funds, and construction financing on consortium projects that benefit low and moderate-income homebuyers and renters in various Cape Cod communities.

The bank offers “Protection Plus,” a program for customers who do not qualify for a line of credit or overdraft protection. This program is geared towards low and moderate-income customers and provides automatic transfers from a savings account to a checking account. This service helps customers avoid the fees and inconvenience associated with overdrawing an account.

### **Involvement In Community Organizations**

Officers of the bank are also actively involved in various local community development and nonprofit organizations. Listed below are some notable examples:

The Brockton Housing Partnership: The CRA officer serves on the Board of Directors and is a member of the marketing sub-committee. The agency provides housing for lower-income families and individuals.

Cape Cod Affordable Housing Consortium: The CRA officer serves on the Board of Directors for the Cape Cod Affordable Housing Consortium, which provides below market construction financing and technical assistance for affordable housing projects in Barnstable County. The bank actively participates in consortium financing projects and currently serves as the lead bank for the Wellfleet Housing Authority project to build low-income housing in Wellfleet.

Cape & Islands Community Development Corporation: A vice president/commercial lender serves on the Board of Directors for this Community Development Corporation. This officer also serves as a member of the Loan Review Committee.

Center for Health and Human Services: A vice president/commercial lender serves on the Board of Directors and Executive Committee of this nonprofit agency. This agency provides medical and mental health services to low-income individuals in Southeastern Massachusetts.

Citizens Housing and Planning Association (CHAPA): The bank’s CRA officer is involved in legislation consultation for this organization. CHAPA is a non-profit umbrella organization for affordable housing and community development activities throughout Massachusetts.

Federal National Mortgage Association (FNMA): A senior vice president is a member of the National Depository Advisory Committee and the Underwriting and Secondary Market Advisory Committee.

Habitat for Humanity (Greater Plymouth, Cape Cod, Buzzard Bay): The bank is actively involved in local Habitat for Humanity efforts in the construction of housing targeted to very low-income families. The bank provides management expertise, financial support, and volunteers in support of Habitat for Humanity endeavors. The CRA officer is a past president of the Barnstable County Habitat affiliate and continues to serve on its Board of Directors and Executive Committee. The CRA Officer, two Branch Managers, and a Trust Administrator are actively involved in this organization.

Housing Assistance Corporation (HAC): The CRA officer is the treasurer, a member of the Board of Directors and head of the Finance Committee. HAC provides housing assistance to very low and low-income individuals and families in Barnstable, Dukes and Nantucket Counties.

Massachusetts Housing Agency: A senior vice president sits on the Board of Directors and also chairs the Single Family Housing Committee and the Mortgage Insurance Committee.

Southeastern Massachusetts Economic Development Corporation (SEED): A vice president/commercial lender serves on the Board of Directors of SEED, which provides financing and consulting assistance to start-up and small businesses. Additionally, this officer also serves as the Director of the Loan Review Committee of this organization.

New Bedford Economic Development Corporation: A vice president/commercial lender serves on the Board of Directors of this nonprofit agency.

Pro-Home, Inc. of Taunton: The CRA officer provides technical assistance and is a member of the Affordable Loan Products committee. The agency provides homeownership counseling, downpayment assistance, and other affordable housing services to the City of Taunton.

South Shore Community Action Council, Inc.: The CRA officer serves as a member of the SSCAC. This organization provides assistance to the low income and elderly population of the South Shore area. They also work for changes that will combat the causes of poverty within its communities.

Tri-Town Housing Cooperative: The CRA officer serves on the Board of Directors of this nonprofit agency. The agency administers "soft second" mortgage funding from state funds to qualified borrowers in the Towns of Marion, Mattapoisett, and Rochester.

## **Educational Seminars and Services**



Plymouth Savings Bank participates in the "Savings Makes Sense" program created by the Commonwealth of Massachusetts. Through this program, bank representatives periodically visit local schools in its assessment area and encourage young people to begin saving.

### **Home Buyer Seminars**

Plymouth Savings Bank has participated in a substantial number of homebuyer seminars during the current examination period. These seminars were sponsored by the bank in participation with several local community and public organizations including Pro Home, Inc., Housing Assistance Corporation of Barnstable County, Plymouth Redevelopment Authority, South Shore Housing and Citizens Housing and Planning Association. Topics discussed in these seminars include an overview of the home buyer process, applying and qualifying for mortgages, legal aspects of purchase and sales agreements, professional home inspections, accessing down payment assistance/rehab loans and landlord/tenant counseling.

In addition, the bank participated in the "Credit for Life Fair" held in Brockton in 2001 and 2002. The fair taught high school students about real life credit issues.

### **CONCLUSION (Service Test)**

Overall, the bank's area of strength under the Service Test rests upon its strong performance in providing community development services. Bank personnel's involvement in numerous economic development and affordable housing organizations is evidence of Plymouth Savings Bank's strong commitment to its assessment area. The bank also maintains an established branch presence throughout its assessment area and delivery systems are readily accessible to essentially all portions of the assessment area. In addition, the bank has taken a leadership position in contributing and/or participating in first-time homebuyer seminars. Therefore, based on the bank's size and resources and the credit needs of the assessment area, the bank's service performance is rated Outstanding.

## **APPENDIX A**

### **SCOPE OF EXAMINATION**

Plymouth Savings Bank has one assessment area that was reviewed using the examination procedures for large banks.

The CRA evaluation included HMDA-reportable loans and small business loans. The time period used for HMDA-reportable and small business loans was January 1, 2001 to September 30, 2002.

Qualified investments were also reviewed. The bank's investments exhibit a good responsiveness to credit and community economic development needs.

In addition, the bank's systems for delivering retail banking services and the provision of community development services were considered excellent.

Plymouth Savings Bank has branch locations in the Barnstable-Yarmouth, the Boston, the Brockton, and New Bedford, and Prov-Fall River-Warwick, RI-MA Metropolitan Statistical Areas (MSAs)

Internal analysis generated by management was reviewed during the examination, as was comparative data for the assessment area obtained from CRA WIZ. The examination also included a review of the bank's Public File, which contained no negative CRA-related comments.

## **APPENDIX B**

### **METROPOLITAN STATISTICAL AREAS**

#### **I. BOSTON MSA**

##### **A. Bank Operations and Performance Context**

The Boston MSA contains six of the bank's offices - two in Wareham, including the main office, two in Plymouth and one each in Duxbury and Kingston. This portion of the assessment area has a population of 252,949 made up of 67,072 family households. Of these, 19.9% are moderate-income, 67.5% are middle-income and 12.6 are upper-income. There are no low-income households in the bank's portion of the Boston MSA. The area contains a total of 47 census tracts. Ten of these are moderate-income, 31 are middle-income and six are upper-income. There are no low-income census tracts. Five of the moderate-income census tracts are in Taunton, four are in Wareham and one is in Plymouth.

The bank's volume of lending in the area is also attributable to the fact that the economy of the Boston MSA has become reasonably strong since its low point during the late 1980s and early 1990s. The real estate market, both commercial and residential, has generally recovered from its previous collapse and prices have again begun to increase. The greatest demand appears to exist among higher priced single family homes (i.e., \$250,000 and above) but properties of other types and in lower price ranges, including condominiums which have long been the weakest segment of the market, have also begun to benefit from increased demand.

With continuing economic growth, unemployment is also quite low, although demand in some sectors is weaker than others. Employment in banking and financial services, for example, continues to suffer from ongoing industry consolidation while shortages of trained professionals exist in many "high tech" industries. Employment in other sectors such as health care, retail trade, and the "service industries" has also been relatively strong. Employment in the construction trades throughout the area has benefited from renewed residential development and several large, public construction projects, including the Central Artery and Third Harbor Tunnel.

##### **B. Conclusions with Respect to Performance Tests**

Mortgage loans originated and purchased by the bank in the Boston MSA portion of the assessment area represent 30.8% of the number and 28.3% of the dollar volume of all loans inside its assessment area. This represents the largest volume of mortgage lending among the MSAs inside the bank's assessment area.

Small business lending in this MSA represents 34.6% of the total number and 40.7% of the total dollar volume originated by the bank inside its assessment area.

## **II. BROCKTON MSA**

### **A. Bank Operations and Performance Context**

The Brockton MSA portion of the assessment area contains four of the bank's branches, two are located in Middleboro, one each in Lakeville and Raynham. This portion of the assessment area has a population of 231,851 made up of 58,832 family households. Of these, 3.2% percent are low-income, 17.9% are moderate-income, 72.5% middle-income, and 6.4% upper-income. The area contains a total of 50 census tracts. Two of these are low-income, nine are moderate-income, 36 are middle-income, and three are upper-income. Both of the low-income census tracts and seven of the eight moderate-income census tracts are located in the City of Brockton. The two moderate-income census tracts outside the city are found in Bridgewater and Middleboro.

Once known as the "Shoe Capital of the World", the City of Brockton has suffered the same fate as many of the other small manufacturing centers throughout the Northeast. Like the textile industry in the Merrimack Valley, shoe companies left New England decades ago to take advantage of lower wages in other parts of the country. With the loss of the area's economic base came the deterioration of the local housing stock and the virtual abandonment of downtown commercial district. A major effort to revitalize Brockton's downtown area during the early 1970s appeared initially to be a success. However, it ultimately met with failure as the result of a severe recession that was felt throughout the region some years later, and has since remained faced with serious housing and economic development issues.

The loss of employment opportunities in central Brockton had its effect on the surrounding suburban areas, but, with their proximity to the industry in Boston, the Route 128 belt, and, more recently, the I-495 corridor, these were neither serious nor long term. However, for much of the area, particularly the towns located to the south and east of Brockton, access is considerably more difficult than the portions of the Boston MSA located along Route 3 and I-95. Thus, with a median housing value of \$145,270, the pace of the housing market in the area lags well behind that of the surrounding Boston MSA.

### **B. Conclusions with Respect to Performance Tests**

Mortgage loans originated or purchased by the bank in the Brockton MSA portion of the assessment area represent 15.9% of the number and 15.9% of the dollar volume of all loans inside the assessment area. This represents the fourth largest volume of mortgage lending among the MSAs inside the bank's assessment area.

Small business lending in this MSA represents 22.4% of the total number and 20.1% of the total dollar volume originated by the bank inside its assessment area.

### **III. BARNSTABLE-YARMOUTH MSA**

#### **A. Bank Operations and Performance Context**

The Barnstable-Yarmouth MSA portion of the assessment area contains three of the bank's branches located in Cotuit, Mashpee and Sandwich. This portion of the assessment area has a population of 134,930 made up of 38,511 family households. Of these, 6.6% are moderate-income, 75.3% middle-income, and 18.1% upper-income. There are no low-income households in this MSA. The area contains a total of 36 census tracts. Four of these are moderate-income, 25 are middle-income, and seven are upper-income. There are no low-income census tracts in this MSA. Two of the moderate-income census tracts are located in Barnstable and one each in Dennis and Mashpee.

The Barnstable-Yarmouth MSA encompasses 72 percent of the census tracts on Cape Cod. The other 28 percent are included in the Non-MSAs. Cape Cod is best known as a vacation area during the summer months. I.

#### **B. Conclusions with Respect to Performance Tests**

Mortgage loans originated or purchased by the bank in the Barnstable-Yarmouth MSA portion of the assessment area represent 24.1% of the number and 24.8% of the dollar volume of all loans inside the assessment area. This represents the second largest volume of mortgage lending among the MSAs inside the bank's assessment area.

Small business lending in this MSA represents 9.8% of the total number and 7.0% of the total dollar volume originated by the bank inside its assessment area.

### **IV. NON MSA**

#### **A. Bank Operations and Performance Context**

The Non MSA portion of the assessment area contains two of the bank's offices located in Falmouth and Teaticket. This portion of the assessment area has a population of 69,326 and 18,369 family households. Of these, 6.9% are moderate-income, 74.9% middle-income, and 18.2% upper-income. There are no low-income households in this MSA. The area contains a total of 22 census tracts. Of these two are moderate-income, 16 are middle-income, and four are upper-income. There are no low-income tracts in this MSA. The moderate-income census tracts are located in Bourne and Provincetown.

The towns without an MSA designation include five towns scattered around Cape Cod and the Islands of Marthas Vineyard and Nantucket.

## **B. Conclusions with Respect to Performance Tests**

Mortgage loans originated and purchased by the bank in the Non MSA portion of the assessment area represent 14.6% of the number and 17.2% of the dollar volume of all loans inside its assessment area. This represents the third largest volume of mortgage lending among the MSAs inside the bank's assessment area.

Small business lending in this MSA represents 21.0% of the total number and 22.3% of the total dollar volume originated by the bank inside its assessment area.

## **V. New Bedford MSA**

### **A. Bank Operations and Performance Context**

The New Bedford MSA portion of the assessment area contains two of the bank's offices located in Marion and Mattapoisett. This portion of the assessment area has a population of 175,705 and 47,274 family households. Of these, 1.7% percent are low-income, 23.5% are moderate-income, 53.2% middle-income, and 21.6% upper-income. The area contains a total of 44 census tracts. One of these is low-income, 13 are moderate-income, 23 are middle-income, and seven are upper-income. All the low and moderate-income census tracts are located in the City of New Bedford.

Once on the major commercial fishing ports on the East Coast, the economy of New Bedford has deteriorated with of depletion cod, haddock, flounder and other commercial species on George's Bank, the primary fishing ground used by the New Bedford fleet. The recent closing of this once rich fishing ground by the U.S. Marine Fisheries Department brought activity at the port to a virtual halt. Although some fishermen continue operations in other areas, the prospects for the foreseeable future are not encouraging. Although the area's economy is not entirely dependent upon the fishing industry, it is a major blow that will have far-reaching consequences for a significant segment of the area's population.

## **B. Conclusions with Respect to Performance Tests**

Mortgage loans originated and purchased by bank the in the New Bedford MSA portion of the assessment area represents 10.3% of the number and 9.7% of the dollar volume of all loans inside its assessment area. This represents the fifth largest volume of mortgage lending among the MSAs inside the bank's assessment area.

Small business lending in this MSA represents 10.3% of the total number and 7.8% of the total dollar volume originated by the bank inside its assessment area.

## **VI. Providence/Fall River MSA**

### **A. Description of PSB Operations**

The Providence/Fall River MSA portion of the assessment area is the smallest portion of the bank's market with only eleven of the 44 census tracts in the entire MSA. This portion of the assessment area has a population of 77,273 and 20,791 family households. Of these, 3.7% are moderate-income, 56.9% middle-income, and 39.4% upper-income. There are no low-income households in this MSA. Of the 11 census tracts, one is moderate income, six are middle income, and four are upper income. There are no low-income tracts in this MSA.

The bank has no offices in this geographic segment of its market.

### **B. Conclusions with Respect to Performance Tests**

With this being the smallest geographic segment of the bank's assessment area the mortgage and small business loans were the least of all the MSAs.

Mortgage loans originated and purchased by the bank in the Providence/Fall River MSA portion of the assessment area represent 4.3% of the number and 4.1% of the dollar volume of all loans inside its assessment area. Small business lending in this MSA represents 1.9% of the total number and 2.1% of the total dollar volume originated by the bank inside its assessment area.

**THE COMMONWEALTH OF MASSACHUSETTS**

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

**PLYMOUTH SAVINGS BANK**

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **JANUARY 6, 2003**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

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A majority of the Board of Directors/Trustees

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_





## PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that assessment area shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.

